What MTA Operating Revenue Trends Tell Us About Its Fiscal Recovery

Report 4-2026

OFFICE OF THE NEW YORK STATE COMPTROLLER

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Executive Summary

Among other major impacts on the New York City metropolitan area, the COVID-19 pandemic significantly altered patterns of commuting and economic activity. These changes are apparent when reviewing shifts in the revenue composition at the Metropolitan Transportation Authority (MTA), the nation's largest regional transit system. Changes to the composition over time reflect efforts by the State and MTA to maintain service in a bid to boost the region's economic recovery. As local economic factors have evolved since 2019, an analysis of separate components of ridership, taxes and other operating revenues provide some insight into the MTA's fiscal recovery (see Figure 1 for an overview). Figures in this report are from MTA financial and budget summary documents, unless otherwise noted.

FIGURE 1

MTA Operating Budget Revenue 2019 to 2024

(in millions)

	2019	2020	2021	2022	2023	2024
Farebox Revenue	$6,351	$2,624	$3,048	$4,024	$4,659	$4,981
Toll Revenue	2,071	1,640	2,170	2,332	2,419	2,584
Dedicated Taxes and Fees						
Payroll Mobility Tax	1,561	1,526	1,715	1,788	2,217	3,116
Metro. Mass Trans.	1,824	1,564	2,247	2,601	2,838	3,000
Real Estate-Related Taxes	1,109	817	1,170	1,281	710	696
Dedicated Tax Fund	649	503	526	597	604	599
MTA Aid Trust	284	219	264	264	264	270
For-Hire Vehicle Surcharge	336	223	248	300	322	300
All Other	235	698	281	248	333	364
Subtotal	**5,998**	**5,550**	**6,451**	**7,079**	**7,288**	**8,345**
State and Local Subsidies	1,292	1,135	1,228	1,477	1,598	1,589
Other Revenue Incl. Federal	706	4,571	4,706	7,657	881	3,351
Total Baseline Revenues	**$16,418**	**$15,520**	**$17,603**	**$22,569**	**$16,845**	**$20,850**

Note: May not add due to rounding. Figures are on an accrual basis.
Sources: Metropolitan Transportation Authority; OSC analysis

Tracking changes to the MTA revenues allows the public and elected officials to understand the shift in economic activity locally that is impacting the Authority and where progress can still be made to improve fiscal sustainability. Findings of the report include:

- Driving has fully returned as evidenced by MTA bridge and tunnel crossings having exceeded the pre-pandemic level in 2023 and continuing to grow in 2024.
- Paid subway ridership continues to improve but remains well below 2019 levels.
- Paid bus ridership trails subway ridership in terms of ridership return.
- Fare evasion continues to impact paid bus ridership much more significantly than paid subway ridership and both remain above pre-pandemic levels; the Authority has reported adding several physical deterrents to station entries to discourage subway fare evasion in recent months.

- Commuter rail ridership has returned faster than subway ridership and Long Island Rail Road (LIRR) ridership has returned faster than Metro-North Railroad ridership, especially during the weekday commute, helped notably by new LIRR service to the east side of Manhattan following the opening of Grand Central Madison in 2023.
- Weekend transit utilization has returned faster than weekday ridership, particularly for commuter rail, and is approaching or exceeding pre-pandemic ridership.
- Paratransit ridership exceeds pre-pandemic levels as the MTA has boosted alternative services that are more responsive to customers; the majority of funding for this service now comes from New York City, albeit capped at an amount that cannot exceed $165 million plus 50 percent of associated costs, after changes made to State law during the analysis period.
- Real estate taxes never fully rebounded to levels prior to the Great Recession and after a short-lived increase in 2021 and 2022 remain generally below 2019 levels.
- Sales taxes suggest purchasing activity is now much stronger than pre-pandemic levels, after a dip initially during the pandemic, and taxes collected have also increased as prices rose and consumption remains strong.
- Other forms of operating revenue such as for real estate leases remain well below pre-pandemic levels while revenue from enforcement of violations and advertising has risen substantially.

This discussion of fares, tolls, dedicated taxes and fees does not include revenues that are placed in the Capital Lockbox Fund since they are not allowed to be used in the operating budget and are used to fund the MTA's 2020-2024 capital program and successor programs. These revenues, which were approved by the State in 2019, are: congestion pricing, which has recently started in Manhattan south of and inclusive of 60th Street; certain State and City sales tax allocations; and real property transfer taxes imposed on properties in the City that sell for $2 million or more.

The findings in this report suggest that while certain revenue sources associated with driving have recovered and even grown since 2019, transit-based operating revenue remains below those levels as return to office trends have experienced potential long-term shifts. Growth in local employment and improvement of the ridership experience will likely drive transit revenue growth in the future. Further enforcement and deterrence measures for fare evasion are also necessary to help boost paid ridership figures in the coming years. In recognition of a national shift in the U.S. on the use of public transit for work commuting, the MTA has become more reliant on taxes, a number of which are also highly susceptible to changes in economic conditions, which must be actively monitored. The MTA may also have an opportunity to increase revenue from real estate, advertising and other sources as ridership grows, which should be a continued area of focus to communicate to the public, riders and toll payers that the Authority is leveraging all options to improve its fiscal standing.

Fare and Toll Revenue Recovery

The COVID-19 pandemic reached New York City in March 2020 causing steep drop-offs in MTA ridership and for transit systems across the country. Vehicle miles driven and ownership both rose locally during the pandemic, after an initial decline, as public transit was avoided and personal vehicle utilization increased. In recent years, ridership has steadily returned, although it remains well below pre-pandemic levels of paid ridership, partly as a result of higher fare evasion. Recent initiatives to increase fare payment by the MTA have reduced fare evasion rates for subways and led to incremental improvement for buses.

Ridership Still Not at 2019 Levels But Crossings Are Higher

The subway system provided 640 million trips in 2020, a 62 percent decline compared to 2019's ridership of 1.7 billion. Bus ridership dropped by a similar percentage while Long Island Rail Road's (LIRR) ridership dropped by 67 percent and Metro-North's ridership fell by 69 percent. Crossings on the MTA's bridges and tunnels dropped by only 23 percent in 2020 from the year before.

As of 2024, paid transit ridership has not returned for any mode of transit but varies by type. Paid subway ridership in 2024 was still down 30 percent and paid bus ridership was down 42 percent. Commuter rail ridership had recovered faster as LIRR was down only 17 percent compared to 2019 and Metro-North was down 22 percent. MTA bridge and tunnel crossings however, exceeded the 2019 level by 2 percent in 2024. It is important to note that a portion of revenue recovery would be higher if not for higher rates of fare evasion, especially on buses. Subway fare evasion was at an average of 12.8 percent in 2024 and declined in the first quarter of 2025 to 9.8 percent, which the MTA attributes to enforcement and fare gate changes. Bus fare evasion averaged 47 percent in 2024 and dropped to 44 percent in the first quarter of 2025. MTA estimated that it lost $700 million from fare evasion in 2022 and similar amounts thereafter.

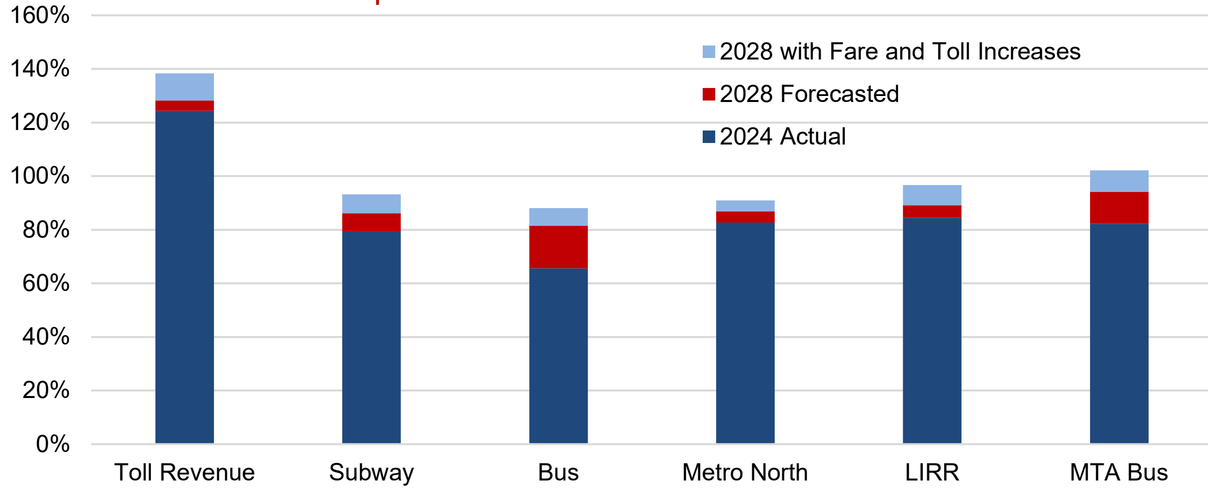
These trends have also resulted in fare revenue lagging 2019 levels. Subway fare revenue in 2024 was 79 percent of the 2019 level even with a fare increase implemented in 2023 (see Figure 2). New York City Transit bus fare revenue was only two-thirds of the 2019 level. Longer distance commutation has returned more quickly. Metro-North fare revenue was 83 percent of 2019 in 2024 while LIRR fare revenue was 85 percent. MTA Bus, which is paid for by the City and mostly provides bus service in the outer boroughs, had 2024 fare revenue at 82 percent of 2019.

The MTA expects utilization and rates of fare payment to continue to increase across all transit services during the next few years reaching 74 percent of pre-pandemic ridership by 2026. Fare and toll revenue is still expected to be below the 2019 level in 2028 unless scheduled fares and toll increases go into effect. These increases would raise fare and toll revenue to 2019 levels by 2027, but fare revenue would still be 10 percent below the 2019 level.[1]

1 The MTA's February 2025 financial plan assumes fare and toll increases that are expected to increase fare and toll yields by 4 percent in 2025 and 2027.

As a result of higher traffic levels, only toll revenue has reached (and exceeded) the 2019 level. Crossings in 2024 were 102 percent of 2019 levels, and with the toll increase implemented in 2023, revenues are even stronger, 24 percent higher than in 2019.

FIGURE 2
Fare and Toll Revenue Compared to 2019



Sources: Metropolitan Transportation Authority; OSC analysis

Historically among national transit systems, the MTA has been at or near the top for the share of revenue raised from operations. Fares and tolls as a percentage of the operating budget averaged 52 percent between 2012 and 2019 but dropped to 26 percent in 2020, as the MTA was contending with an historic decline in fare and toll revenues. The Authority initially was able to sustain its budget with unprecedented levels of federal funding.

As federal funding began to run out, the State approved other dedicated funding sources for the MTA's operating budget which has dropped the percentage of the budget dependent on fares and tolls to 39 percent in 2024 and is expected to also be 38 percent in 2028 when proposed fare and toll increases are factored, keeping pace with the growth in expenses.

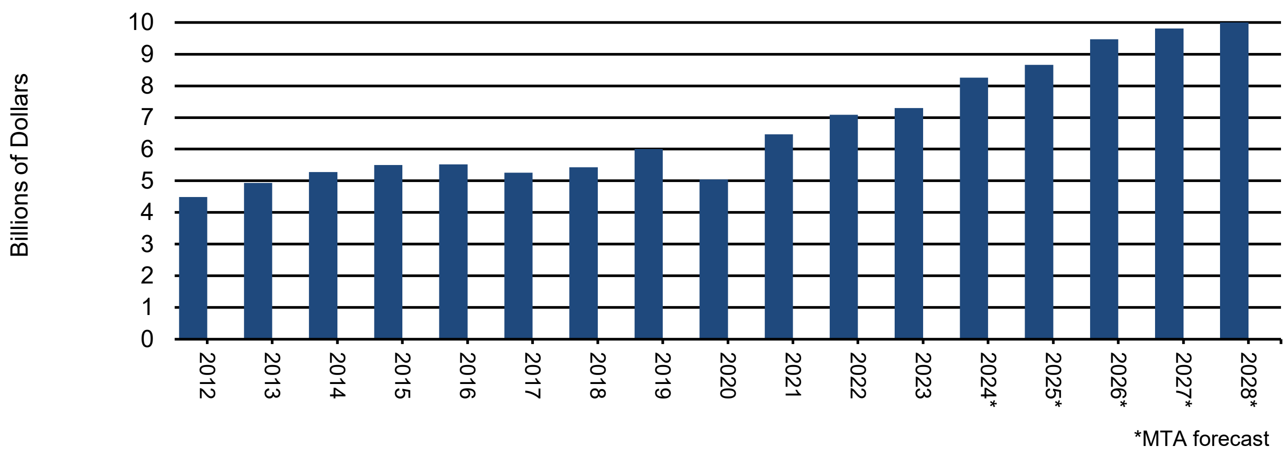
MTA Dedicated Taxes

Since the 1980s, New York State has imposed taxes to help fund the MTA's operations such as on payrolls, real estate transactions, petroleum businesses and sales and fees on drivers. The tax base that supports the MTA, however, has changed as the economy and the MTA's need for additional resources has changed. A very strong real estate market along with sales taxes that comprised most of the MTA's dedicated taxes and fees before the Great Recession in 2008 and 2009 has moved to a greater reliance on business taxes, including the addition of new business taxes to supplement MTA revenues after each of the past two recessions. Dedicated taxes and fees as a share of MTA operating revenue dropped from 37 percent in 2019 to 33 percent in 2020 but have now increased to 40 percent in 2024 with the State approval of an additional Payroll Mobility Tax (PMT) on New York City employers in the State Fiscal Year (SFY) 2023-24 Enacted Budget.

Taxes from Businesses and Other Employers Are the Main Source of MTA Dedicated Taxes & Fees

Dedicated taxes and fees dropped to $5 billion in 2020, down by about $1 billion from 2019, amid the recession brought on by the pandemic (see Figure 3).

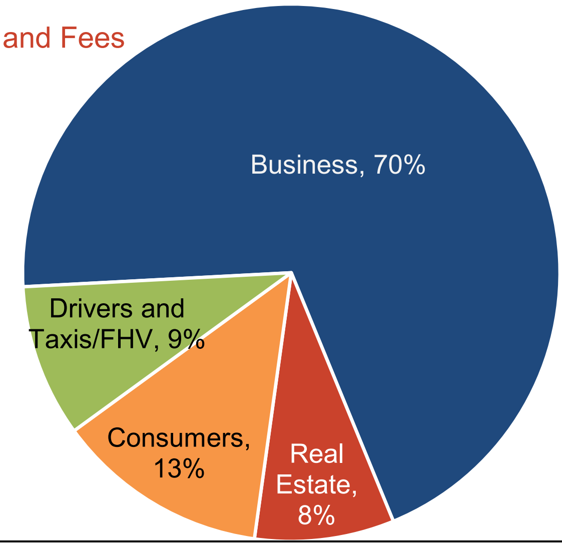
FIGURE 3
Dedicated Taxes and Fees For MTA's Operating Budget



Sources: Metropolitan Transportation Authority; OSC analysis

In 2024, businesses and other employers paid for 70 percent of the dedicated taxes and fees that flowed to the MTA (see Figure 4) mostly through the PMT and corporate surcharges. This figure also includes Petroleum Business Taxes (PBT), which makes up 6 percent of taxes and fees, most of which are passed along to consumers.

FIGURE 4
Source of 2024 MTA Dedicated Taxes and Fees



Consumers, through sales tax revenues dedicated to the MTA, paid 13 percent of the MTA's dedicated taxes and fees. Drivers, through motor vehicle fees and motor fuel taxes dedicated to the MTA and surcharges placed on taxis and for-hire vehicles, paid 9 percent of the MTA taxes and fees. Real estate-related taxes, hit hard by the sluggish real estate market, accounted for the remaining 8 percent of tax and fee revenue, after averaging 19 percent of MTA taxes and fees in the 2013 to 2022 period.

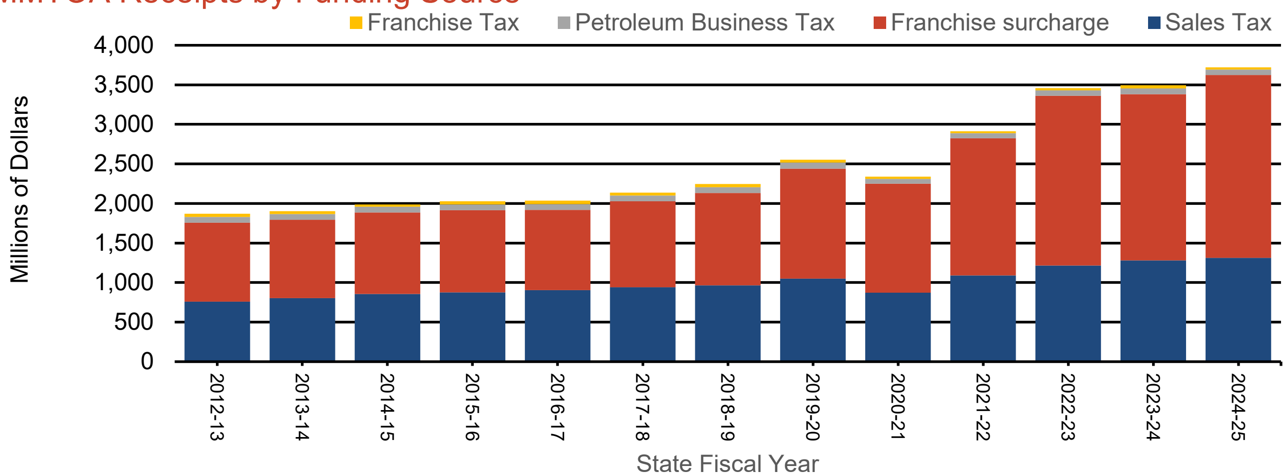
Metropolitan Mass Transportation Operating Assistance (MMTOA), which has been the largest source of MTA revenues from taxes and fees, is comprised of four different taxes: a portion of the PBT; a sales tax collected in the MTA region; a business franchise tax and a corporate surcharge. The amount MMTOA allocates to the MTA is subject to annual appropriation. Other downstate transportation entities also receive MMTOA; approximately 85 percent of the total annual amount goes to the MTA.

More than half of the revenues that comprise MMTOA comes from the franchise tax surcharge, averaging 55 percent of total MMTOA receipts between State fiscal years (SFY) 2012-13 and SFY 2024-25. The tax is imposed on the portion of the franchise tax of certain corporations including insurance, utility, transportation and transmission companies attributable to business done in the MTA district. Receipts from this source rose from $1 billion in SFY 2012-13 to $2.3 billion in SFY 2024-25 (see Figure 5). Franchise taxes are generally based on the amount of a company's issued capital stock and on gross earnings and have risen recently as business profits rose substantially during the pandemic.

The MMTOA account includes a small portion of petroleum business taxes collected statewide. This portion has contributed an average of $71 million annually and a portion of statewide franchise taxes on transportation and transmission companies contributed an average of $35 million annually to MMTOA during the same period.

FIGURE 5

MMTOA Receipts by Funding Source



Sources: Metropolitan Transportation Authority; OSC analysis

The remainder of the MMTOA, and the second largest contributor to the amount, is a sales tax of 0.375 percent collected in the MTA region. It has generated an average of 40 percent of total MMTOA receipts from SFY 2022-23 to SFY 2024-25 and increased from $758 million in SFY 2012-13 to $1.3 billion in SFY 2024-25. (see next section for an analysis of sales taxes)

In 2009, the State implemented the PMT on employer payrolls and self-employment earning in the MTA region. The revenue can be used to fund capital projects but also funds the MTA's operating budget. In 2012, private schools and school districts were exempted from the tax and to compensate for lost revenues, the State has since then provided general fund support in its annual budget. PMT collections increased from $1.3 billion in 2012 to $1.8 billion in 2022, an increase of 41 percent.

In 2023, the Enacted State Budget increased assistance to the MTA from the State General Fund, support from the City for the MTA's paratransit service and increased the PMT tax rate on large employers in New York City. In 2024, the PMT provided $3.1 billion to the MTA operating budget, more than the amount of revenue from MMTOA, making the PMT the largest single tax source of operating revenue for the MTA.

Sales Tax Collections a Stable Contributor to MTA Revenues

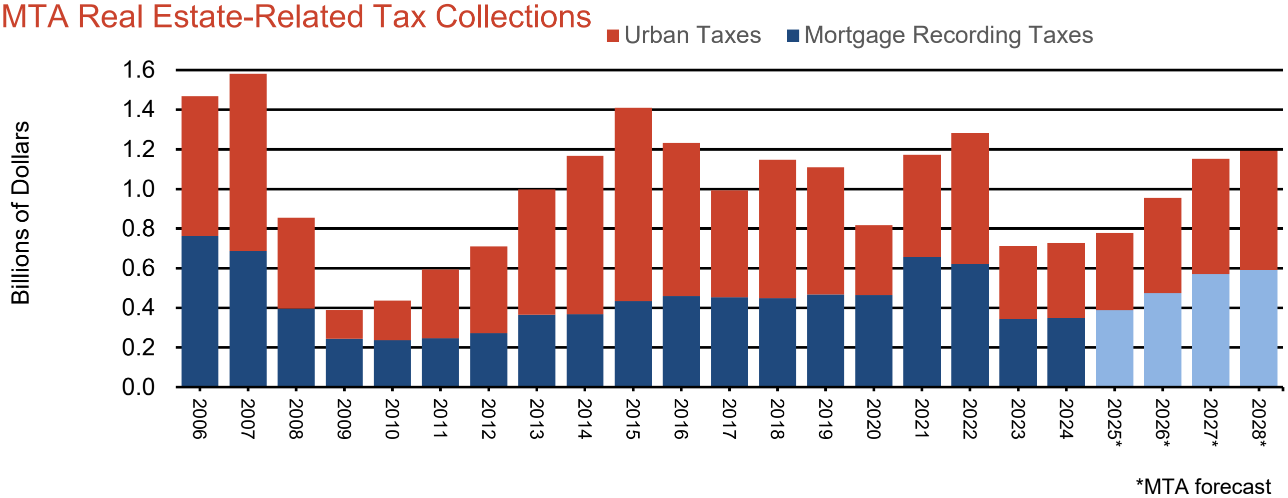
Retail sales grew throughout the period prior to the pandemic, and after a year of weaker activity when retail and restaurant businesses were shuttered or had limited operations in 2020, continued on that trajectory again beginning in 2021. Sales tax collections in the MTA region were 28 percent higher in 2024 than in 2019 mostly as increased consumption and higher prices fueled the taxable sales base. Year-over-year sales collections have begun to slow, however. Between 2022 and 2024, collections rose an average of 3 percent annually but from 2019 through 2022, collections were up an average of 7 percent annually.

There is evidence that discretionary spending has returned more quickly on weekends than on weekdays. Tourism to the City has also nearly recovered since the pandemic, reaching 97 percent of the peak 2019 level in 2024. Broadway show attendance, which lagged pre-pandemic levels through most of 2023 and 2024, exceeded that level in most weeks since the end of October 2024. Seated diners at City restaurants returned to the 2019 level in December 2022 and the 14-day moving average of seated diners continues to be higher than the prior year since October 2024. Aligned with the return of leisure activity, weekend subway ridership in 2024 was on average 80 percent of the 2019 level compared to 69 percent on weekdays. The MTA's commuter railroads' weekend ridership was nearly at the 2019 level while weekdays were at 77 percent of 2019 ridership.

Real Estate Taxes Are Down, Never Rebounded from Great Recession

Before 2009, the MTA was heavily reliant on real estate-related taxes, which can be particularly volatile, to help subsidize its operations. Real estate-related taxes to the MTA consist of mortgage recording taxes in the MTA's 12-county transportation district and most of a commercial mortgage recording tax and real property transfer tax (Urban Tax) in New York City that funds New York City Transit's operations. As shown in Figure 6, collections of these taxes remain below the peak level reached in 2007.

FIGURE 6
MTA Real Estate-Related Tax Collections



Sources: Metropolitan Transportation Authority; OSC analysis

Driver Based Taxes and Fees are a Smaller, but Growing Portion of Revenue

The MTA also receives about $550 million in annual funding from the State Dedicated Mass Transportation Trust Fund (DMTTF) which receives 37 percent of a larger pool of dedicated funds that also funds road projects throughout the State. Funds from the DMTTF are subject to appropriation every year. DMTTF funds are used to back MTA Dedicated Tax Fund bonds so about half of these revenues are used to pay for debt service on these bonds and the remainder is used for other operating purposes. Collections have slipped from $578 million in SFY 2018-19 to $538 million in SFY 2024-25. The MTA receives 92 percent of the DMTTF which contains revenue from three different sources:

- A petroleum business tax, which is imposed on the quantity of petroleum products refined, sold or imported in the State, comprises about 60 percent of the DMTTF. MTA receives about $330 million annually from this source.
- Another $130 million to the MTA comes from motor vehicle fees dedicated to the DMTTF such as for car license and registration renewals.
- Finally, MTA also receives about $95 million annually from gasoline and diesel excise taxes dedicated to the DMTTF.

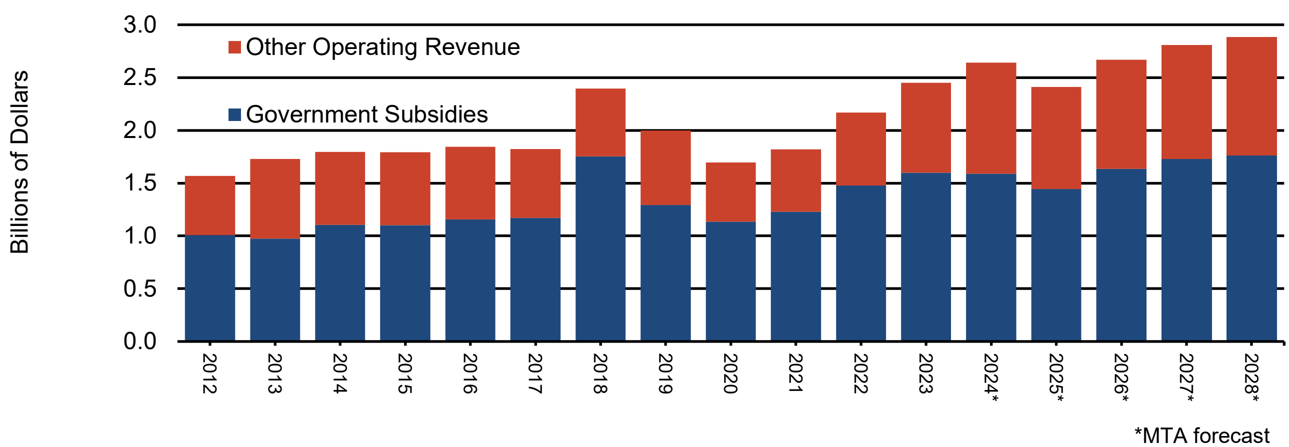
In 2009, the MTA Aid Trust was enacted by the State as an additional source of funding for the MTA. It consists of four taxes and fees: a supplemental driver license fee and a motor vehicle registration fee in the MTA region which together bring in about $180 million annually; a supplemental auto rental tax in the MTA region which brings in about $50 million annually and a tax on hailed taxi trips that originate in the City and terminate anywhere in the MTA region. The number of taxi trips has declined with the increase in for-hire vehicles using mobile phone applications, causing revenue from this fee to drop from $85 million in 2014 to $20 million in 2024. As a result, MTA Aid Trust collections are significantly lower than when this was first introduced and have dropped from $296 million in 2019 to $268 million in 2024.

In 2019, the State approved a for-hire vehicle surcharge which provides a recurring revenue source for the NYC Subway Action Plan, an emergency program set up in 2018 to address the rapid deterioration of the subway system was funded initially from one-shot State and City payments. The proceeds also provide revenues for outer borough transit improvements and other MTA needs. The surcharge is imposed on for-hire vehicle trips, including taxi trips, that start or terminate in, or cross Manhattan below 96th Street and generally provides more than $300 million annually for the MTA operating budget. Collections in 2024 were $329 million, close to the 2019 level after dropping in 2020 and 2021, suggesting these trips have nearly fully returned to pre-pandemic levels.

Other Operating Budget Revenues

From 2012 through 2019, 9 percent of MTA operating revenues came from State, City and other government subsidies and funding agreements as well as other MTA-generated revenues such as advertising, rentals and fines collected by New York City Transit's Transit Adjudication Bureau (TAB). As fare revenue plummeted during the pandemic, the federal government provided a total of $15 billion in 2020 through 2022 to help the MTA run its services. During that time, federal funds accounted for an average of 27 percent of total operating revenue. In 2024, with the reliance on fares and tolls remaining below pre-pandemic levels, State-dedicated tax support increased and as the City reimbursement for paratransit increased, other operating budget revenues including subsidies rose to 12 percent of total revenue to $2.6 billion (see Figure 7).

FIGURE 7
MTA Other Operating Budget Revenue and Government Subsidies, ex. Federal



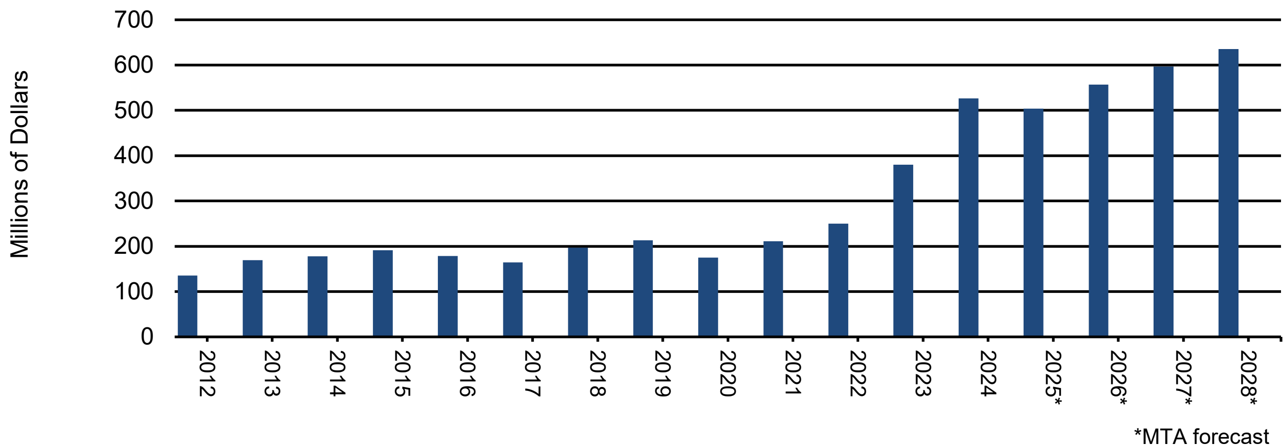
Sources: Metropolitan Transportation Authority; OSC analysis

Changes in Paratransit Funding and Service Improvements

The City provides funding for a portion of the expenses for the MTA's paratransit service (called Access-A-Ride). This service is provided to riders who are unable to use public transportation due to a disability as mandated by the federal Americans With Disabilities Act. The City provides funding from its budget and a small portion of commercial real estate-related taxes that mostly funds New York City Transit (Urban Tax) is also provided for paratransit. The City historically paid 33 percent of the net operating costs (after fares and Urban Tax receipts) of Access-A-Ride with the amount capped so the City's contribution never exceeded 20 percent more than the prior year's City contribution. City subsidies, including the Urban Tax, to Access-A-Ride increased from $124 million in 2012 to $213 million in 2019 as the cost of the program rose as usage of the system increased.

In 2021, the State increased the percentage that the City must pay from 33 percent of net costs to 50 percent. Since ridership was relatively low during the pandemic, City contributions, including the Urban Tax dedicated to paratransit only rose to $250 million in 2022.

FIGURE 8
NYC Reimbursement for Paratransit



Sources: Metropolitan Transportation Authority; OSC analysis

In 2023, the State Budget required the City to pay 80 percent of the net operating expense, up from the current 50 percent level, for the MTA's paratransit system for the next two City fiscal years through June 2025. The City's contribution, exclusive of the Urban Tax dedicated to paratransit was capped at 50 percent of the net cost plus $165 million for both years. This requirement coincided with paratransit ridership reaching and then exceeding the pre-pandemic level starting in May 2023. As the MTA has offered more flexible and attractive taxi service instead of using carrier vans, ridership in 2024 was 20 percent higher than in 2019. This year's Enacted State Budget extends this higher level of funding through June 2027. The MTA's financial plan already assumed the higher contribution would be permanent and as a result, City subsidies for paratransit are expected to increase to $635 million in 2028, nearly triple what was paid in 2019, mostly due to continued higher paratransit ridership (see Figure 8).

Changes in Retail and Advertising

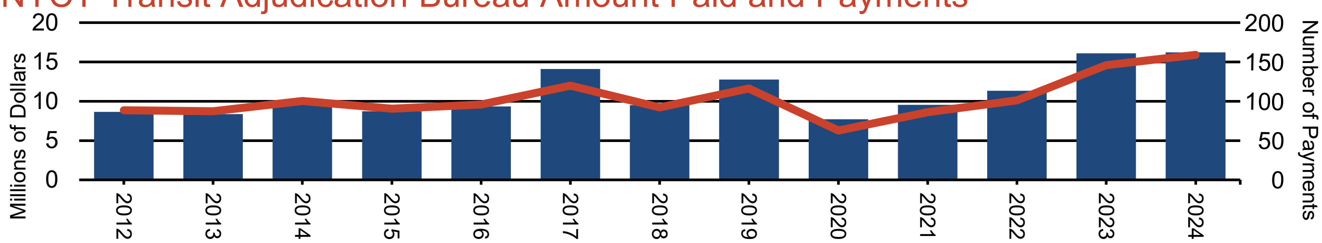
Revenues from advertising increased from $124 million in 2012 to $167 million in 2015 but then dropped to $136 million in 2019. The pandemic caused advertising revenue to drop to $79 million in 2020 but since then revenues have recovered, rising to $173 million in 2024.

MTA All-Agency rental income increased from $126 million in 2012 to $160 million in 2019. Since 2020, as ridership dropped, retail tenants, especially in the subway system, struggled to stay in business. As a result, rental income dropped to $102 million in 2021. Rental income improved to $124 million in 2023 but slipped to $115 million in 2024. As of May 2025, the MTA reported that 62 of 203 available New York City Transit retail spaces are vacant, reflecting a 31 percent vacancy.

Fines and Fees From Fare Evasion and Other Customer Violations Have Increased Since 2022

The TAB processes notices of violations issued for violations of the rules governing conduct in the subway and bus systems. The violations of rules include those that involve fare evasion, littering, drinking alcohol and excessive noise among others with fines currently ranging from $25 to as much as $150. The amount paid from TAB fines was $12.7 million in 2019. As ridership dropped during the pandemic, revenue from TAB fines declined as well. The number of payments of fines averaged less than 100,000 per year between 2012 and 2019, dipped to around 63,000 in 2020 and returned to the pre-pandemic level in 2022. In response to increased crime and fare evasion in the subway system, the number of violations issued began to rise leading to a 57 percent increase in the number of fines paid to 159,244 and the amount paid to $16.2 million between 2022 and 2024 (see Figure 9). Due to changes in State law, starting in 2025, non-recidivists who have been caught evading the fare will be provided with a warning rather than a fine which is expected to lead to TAB revenue declining.

FIGURE 9
NYCT Transit Adjudication Bureau Amount Paid and Payments



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Sources: Metropolitan Transportation Authority; OSC analysis

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